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Poland

Grain and Feed

Drought Reduces Grain Prospects in Poland

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Report Highlights:

Dry weather conditions in July in Poland will lower grain production results. The first official crop estimates released by Poland's Main Statistical Office (GUS) confirm that the grain crop in 2005 will be reduced by about 10 percent from a record high crop in 2004 of 29.6 MMT.

Includes PSD Changes: No
Includes Trade Matrix: No
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Executive Summary

Dry weather conditions in July in Poland will lower grain production results. The first official crop estimates released by Poland's Main Statistical Office (GUS) confirm that the grain crop in 2005 will be reduced by about 10 percent from a record high crop in 2004 of 29.6 MMT. The GUS estimate confirms FAS Warsaw's mid-April 2005 total grain harvest estimate. Large stock levels from last year's record harvest are depressing grain prices, farmer's income and could possibly result in additional pressure to move grain supplies to intervention. Lower grain quality may require additional imports of quality milling grains.

New Production Estimates

On July 25 the GUS published its first crop estimate. Basic grain production is estimated at 24.5 to 25.5 MMT, a level 6 to 10 percent lower than the previous year's record crop. This estimate does not include more than 2 MMT corn for grain production. GUS estimates winter wheat at 7.5-7.8 MMT, spring wheat at 1.5-1.56 MMT, barley at 2.8-2.9 MMT, oats at 1.4 MMT, rye at 3.7-3.9 MMT, triticale at 2.9-3.2 MMT and mixed grains at 3.6-3.8 MMT. According to GUS, in 2005 total basic grain acreage was 3 percent larger, of which wheat, barley, rye and oat acreage increased by 6, 8, 1 and 9 percent respectively, while triticale and mixed grain acreage was 4 and one percent lower respectively. Although winter losses were minor last year, about 0.4 percent of winter grain area and plants survived winter in good condition, temporary water shortages in spring (late arriving spring) along with low temperatures in April resulted in delayed spring sowing and less than well developed spring grains. Additionally, low temperatures in the second and third weeks of May depressed crop growth, while dry conditions in the last week of June resulted in reduced grain kernel development.

The GUS estimate is based on observations in early July and do not take into account dry conditions in the latter part of July. Currently, locals are reporting difficult conditions and in some cases crop reduction is estimated at about 50-80 percent. Particularly in central Poland (parts of Poznan province) and Northeastern (around 70 percent of Warmia-Mazury province), where local authorities have asked the Government of Poland (GoP) to grant disaster status due to the drought. Also, some field observations indicate that most of the grain crop is dry earlier compared with average conditions over the past few years. Recently, Mr. Waldemar Guba, Ministry of Agriculture representative confirmed the difficult drought conditions in Warmia-Mazury province and Poznan province. Mr. Guba presented a pessimistic view of this year's crop prospects and indicated that if the drought continues the grain crop in Poland may be significantly reduced. In the Northeastern region, crops suffer from drought and in the Southwestern regions crops have sufficient moisture and may be satisfactory. Experts suggest that this year's weather conditions may also affect grain quality (small kernels) and this may affect sales negatively. At an August press conference Mr Jerzy Pilarczyk, Minister of Agriculture presented the MinAg grain crop forecast corrections and reduced prospects for the 2005 grain crop from previous estimates. The new forecast for 2005 is estimated at 26 MMT total grain crop, according Minister Pilarczyk, this amount is slightly less than the total local demand for grain in Poland, however the small disparity is more than compensated for by large stocks from last year.

During the previous 12 months grain prices have dropped more than 45 percent based on the latest GUS communiqué. In June the wheat procurement price was reduced by 4 percent from May and 47.1 percent from the previous year, to an average of PLN 360 per ton (\$106, Euro 88). Wheat prices reported at farm markets were PLN 453 per ton (\$133, Euro 110). Rye was procured by the industry at 281 PLN (\$ 82, Euro 68), average in June, 2005, 45.3 percent less than year ago and at farm markets at 340.8 PLN (\$ 100, Euro 83). Based on

the last week notes grain prices slightly went up and current forecast are that they most likely will moderately increase later during the MY 2005/06.

Possible Changes to Accelerate and Increase Grain Procurement

The current official estimate suggests 1.5 MMT will be delivered to intervention storage from the 2005 crop, compared to 1.0 MMT the last year. To overcome this problem the GoP announced several changes which require local and EU approval. The goal is to sell part of local intervention stocks and to expand intervention storage capacity. So far Poland has exported 76,000 tons from intervention stocks, although it is entitled to sell up to 350,000 tons from about 1.0 MMT intervention stocks. Also, new regulations have been written that await approval. The new regulations would allow more elevators to be eligible to store intervention grain (reduce required property guarantee level). In addition, rented elevators may be designated as intervention storage facilities. Poland's Council of Ministers has approved special grain procurement credits for the grain industry, which will procure grain that would create large grain purchases by the industry immediately after harvest. In addition, the Agricultural Market Agency (ARR) will take steps to make grain quality assessments less time consuming and simplifying required documentation. The GoP would like approval from the EU to begin procurement two months early for intervention stocks and reduced minimum quantities from 80 to 40 tons. Special support for farmers whose farms were affected by the drought will also be considered.

Changes in PSD

The official crop estimates are in the range of FAS Warsaw's grain forecasts which were incorporated in the consolidated grain annual report EU35094, dated 05/03/2005. Small acreage and crop adjustments are suggested for individual grains. No change in grain trade is foreseen when compared with previous estimates, however there may be some imports of milling quality wheat in the future. Enclosed are PSD revisions for wheat, corn, barley, rye, oats and mixed grains.

Poland, PSD for Wheat:

WHEAT, Poland	2003/04	2004/05	2005/06	2005/06
-----	3/9/2005	3/9/2005	3/9/2005	7/26/2005
AREA HARV.	2308	2311	2300	2450
BEG.STOCKS	635	252	1544	1544
PRODUCTION	7858	9892	8500	9000
MY IMPORTS	188	200	200	200
TY IMPORTS	188	200	200	200
TY IMPORTS f.US	1	1	1	1
TOT.SUPPLY	8681	10344	10244	10744
MY EXPORTS	22	250	50	350
TY EXPORTS	22	250	50	350
FEED CONSUMP.	3180	3300	3850	4050
N-FEED CONS.	5227	5250	5250	5250
TOT.DOM.CON.S.	8407	8550	9100	9300
END.STOCKS	252	1544	1094	1094
TOT.DISTRIB.	8681	10344	10244	10744
Impots EXTRA	57	0	40	40
Impots INTRA	131	200	160	160
Imports INT f NMS	36	100	80	80
Imports INT f EU15	95	100	80	80
Exports EXTRA	10	200	50	350
Exports INTRA	12	50	0	0
Expts INT to NMS	1	30	0	0
Expts INT to EU15	11	20	0	0

Poland, PSD for Corn:

CORN, Poland -----	2003/04 3/9/2005	2004/05 3/9/2005	2005/06 3/9/2005	2005/06 7/26/2005
AREA HARV.	356	412	430	430
BEG.STOCKS	622	113	297	297
PRODUCTION	1884	2344	2500	2300
MY IMPORTS	261	10	10	10
TY IMPORTS	261	10	10	10
TY IMPORTS f.US	0	0	0	0
TOT.SUPPLY	2767	2467	2807	2607
MY EXPORTS	4	20	50	0
TY EXPORTS	4	20	50	0
FEED CONSUMP.	2500	2000	2300	2150
N-FEED CONS.	150	150	150	150
TOT.DOM.CON.S.	2650	2150	2450	2300
END.STOCKS	113	297	307	307
TOT.DISTRIB.	2767	2467	2807	2607
Impots EXTRA	234	0	0	0
Impots INTRA	27	10	10	10
Imports INT f NMS	21	5	5	5
Imports INT f EU15	6	5	5	5
Exports EXTRA	0	0	0	0
Exports INTRA	4	20	50	0
Expts INT to NMS	0	20	50	0
Expts INT to EU15	4	0	0	0

Poland, PSD for Barley:

BARLEY, Poland	2003/04	2004/05	2005/06	2005/06
-	3/9/2005	3/9/2005	3/9/2005	7/26/2005
AREA HARV.	1016	1014	1000	1095
BEG.STOCKS	385	55	416	416
PRODUCTION	2832	3571	3200	2850
MY IMPORTS	208	150	150	150
TY IMPORTS	205	150	150	150
TY IMPORTS f.US	0	0	0	0
TOT.SUPPLY	3425	3776	3766	3416
MY EXPORTS	0	0	0	0
TY EXPORTS	0	0	0	0
FEED CONSUMP.	2663	2550	2600	2250
N-FEED CONS.	707	810	850	850
TOT.DOM.CON.S.	3370	3360	3450	3100
END.STOCKS	55	416	316	316
TOT.DISTRIB.	3425	3776	3766	3416
Impots EXTRA	11	0	0	0
Impots INTRA	197	150	150	150
Imports INT f NMS	37	30	30	30
Imports INT f EU15	160	120	120	120
Exports EXTRA	0	0	0	0
Exports INTRA	0	0	0	0
Expts INT to NMS	0	0	0	0
Expts INT to EU15	0	0	0	0

Poland, PSD for Rye:

RYE, Poland	2003/04	2004/05	2005/06	2005/06
-----	3/9/2005	3/9/2005	3/9/2005	7/26/2005
AREA HARV.	1479	1550	1500	1565
BEG.STOCKS	366	122	406	406
PRODUCTION	3172	4281	3600	3700
MY IMPORTS	37	3	0	0
TY IMPORTS	17	3	0	0
TY IMPORTS f.US	0	0	0	0
TOT.SUPPLY	3575	4406	4006	4106
MY EXPORTS	1	150	0	0
TY EXPORTS	1	150	0	0
FEED CONSUMP.	1595	1870	1750	1850
N-FEED CONS.	1857	1980	2000	2000
TOT.DOM.CON.S.	3452	3850	3750	3850
END.STOCKS	122	406	256	256
TOT.DISTRIB.	3575	4406	4006	4106
Impots EXTRA	23	0	0	0
Impots INTRA	14	3	0	0
Imports INT f NMS	1	0	0	0
Imports INT f EU15	13	3	0	0
Exports EXTRA	0	50	0	0
Exports INTRA	1	100	0	0
Expts INT to NMS	1	10	0	0
Expts INT to EU15	0	90	0	0

Poland, PSD for Oats:

OATS, Poland -----	2003/04 3/9/2005	2004/05 3/9/2005	2005/06 3/9/2005	2005/06 7/26/2005
AREA HARV.	527	520	520	570
BEG.STOCKS	77	50	180	180
PRODUCTION	1182	1430	1250	1350
MY IMPORTS	4	0	0	0
TY IMPORTS	4	0	0	0
TY IMPORTS f.US	0	0	0	0
TOT.SUPPLY	1263	1480	1430	1530
MY EXPORTS	0	0	0	0
TY EXPORTS	0	0	0	0
FEED CONSUMP.	1053	1130	1180	1280
N-FEED CONS.	160	170	170	170
TOT.DOM.CONSUM.	1213	1300	1350	1450
END.STOCKS	50	180	80	80
TOT.DISTRIB.	1263	1480	1430	1530
Impots EXTRA	0	0	0	0
Impots INTRA	4	0	0	0
Imports INT f NMS	4	0	0	0
Imports INT f EU15	0	0	0	0
Exports EXTRA	0	0	0	0
Exports INTRA	0	0	0	0
Expts INT to NMS	0	0	0	0
Expts INT to EU15	0	0	0	0

Poland, PSD for Mixed Grains:

MIX.GRAIN&TRIT, Poland	2003/04	2004/05	2005/06	2005/06
-	3/9/2005	3/9/2005	3/9/2005	7/26/2005
AREA HARV.	2440	2519	2450	2465
BEG.STOCKS	513	98	1073	1073
PRODUCTION	6420	8045	7000	6650
MY IMPORTS	4	0	0	0
TY IMPORTS	4	0	0	0
TY IMPORTS f.US	0	0	0	0
TOT.SUPPLY	6937	8143	8073	7723
MY EXPORTS	0	0	0	0
TY EXPORTS	0	0	0	0
FEED CONSUMP.	6333	6570	6940	6590
N-FEED CONS.	506	500	510	510
TOT.DOM.CONSUM.	6839	7070	7450	7100
END.STOCKS	98	1073	623	623
TOT.DISTRIB.	6937	8143	8073	7723
Impots EXTRA	2	0	0	0
Impots INTRA	2	0	0	0
Imports INT f NMS	1	0	0	0
Imports INT f EU15	1	0	0	0
Exports EXTRA	0	0	0	0
Exports INTRA	0	0	0	0
Expts INT to NMS	0	0	0	0
Expts INT to EU15	0	0	0	0